

West Virginia Pharmacy Cost Management Council

Meeting Minutes

December 16, 2004 at 9:00 a.m.

*State Capitol Complex, Building 1, Room 157-K
Charleston, West Virginia 25305*

Members Present:

Shana Phares, Chair
Robin Perdue
Ann Stottlemeyer
Nancy Atkins
Peggy King
Keith Huffman
Felice Joseph
Charles L. Burdette
Dr. Wayne Spiggle
Kevin Outterson

Absent:

Phil Shimer
Heather Bresch
Stephen Neal

Others Present:

See Attached Register

Attending the meeting as a representative for Heather Bresch of Mylan Laboratories was Leah L. Summers. Sam Suppa, Director of Pharmacy for Workers' Compensation, attended the meeting on behalf of Phil Shimer, designee of the Director of the Workers' Compensation Commission.

Ms. Phares called the meeting to order. Members of the Council were previously emailed copies of the Minutes of the Council Meetings held on October 13, 2004 and November 18, 2004. A motion to approve the minutes of the meeting held on October 13, 2004, as presented, was made by Ms. Stottlemeyer. Seconded by Ms. Joseph. Motion carried unanimously. Additionally, a motion was made to approve the minutes of the meeting held on November 18, 2004. Moved by Ms. Stottlemeyer. Seconded by Ms. Joseph. Motion carried unanimously.

Nancy Atkins introduced Terry Taylor, President of Provider Synergies, who made a presentation to Council. In June 2002, the West Virginia Department of Health and Human Resources retained Provider Synergies to provide Preferred Drug List (PDL) management and supplemental rebate contracting services.

According to literature provided, Provider Synergies has extensive experience and success in developing PDLs for both commercial and government clients that serve the dual needs of delivering significant savings and maintaining broad member access to quality

pharmaceuticals. The process used by Provider Synergies in developing its PDL recommendations combines clinical and financial information in a competitive contracting process. These recommendations also consider an analysis of disruption and savings models based on the expected impact of alternative PDL recommendations. At the conclusion of his presentation, Mr. Terry responded to questions from members of Council.

The next presentation was made by Scott Brown, Pharmacy Director at New River Health Association, and Brian Cunningham, Project Director of the WV Primary Care Association, on the remote dispensing of 340b drugs. Mr. Cunningham stated the reason they came before the Council was to urge Council's support for a change in legislation to permit the remote dispensing of drugs by federally qualified health centers (FQHCs) by including the phrase "medical home" as an approved location to remotely dispense drugs in the Board of Pharmacy's Legislative Rules. Mr. Cunningham states the concept is to fill prescriptions from the in-house pharmacy at their main health care site and have them delivered to satellite locations usually in remote areas that don't have a licensed pharmacy. Mr. Brown also stated that implementing this service would provide greater access to low-income uninsureds, it is safer than mail order.

William Douglass of the WV Board of Pharmacy said he had not yet reviewed or considered the suggested change to the language in the legislative rules. This issue is expected to be on the agenda of the next Board of Pharmacy meeting. Mr. Douglass and Richard Stephens (representing the WV Pharmacists Assn.) will try and get input from their members before the next Council meeting scheduled for January 12, 2005. Mr. Cunningham said he would have more information to present at the next meeting also.

Phil Reale, a representative of PhRMA, next introduced Linda Schofield of the National Pharmaceutical Council who is also an independent consultant who works with pharmaceutical companies, health plans and state governments. Ms. Schofield made a presentation entitled "*Unintended Consequences*" of PDLs and Formularies.

Ms. Schofield presented a paper and told members of Council that many proponents of PDLs tend to overstate the savings by overlooking the indirect costs. The increased utilization of drugs is explained by factors like the growth in prevalence and awareness of different diseases, the availability of treatments for previously untreatable conditions and the demographic shift to an older population. The values of medicines today, in terms of effectiveness, has gone up. State budgets for inpatient mental health care have shrunk over recent decades, due partially to innovation in pharmacotherapy. Patients are no longer hospitalized for years at a time due to pharmaceutical breakthroughs.

Ms. Schofield went on to say that PDLs save money in the pharmaceutical line item of budgets. Based on research on Florida's PDL, PDLs can save about \$22 per switched prescription including supplemental rebates in Medicaid. However, in terms of cost, the savings may not seem so lucrative. Costs associated with PDLs include:

- Implementation and administration usually include both a per transaction fee and a retainer fee as well as claims transaction costs.
- Other health care services are needed typically a patient sees their physician about three times in the three months following a drug switch to monitor the new medications. Tests necessitated by a drug switch may far exceed the savings on the drug.
- Some patients who are switched to a PDL drug do not respond well to the new treatment. A recent study concluded that “formulary limitations on drug availability were significantly positively related to higher rates of emergency department visits and hospital admissions.
- Another study found twenty percent of patients who do not stay on their prescribed drug stop taking the medication because of side effects. The study also found ten percent of patients who don’t take their medications cite difficulties in getting prescriptions filled, including prior authorizations and formulary denials.
- Additional costs to the provider because of additional staff required to obtain prior authorizations.

Finally, Ms. Schofield stated it is important to recognize that the negative impacts of formulary restrictions are magnified by accessibility and fairness of the appeals process. One drug on a PDL or formulary will not suit every situation and a responsive and accessible exception or prior authorization process is essential to prevent gaps in therapy that in turn cause greater medical costs. Ms. Schofield recommended that:

- The Council undertake a full study of the cost effectiveness of implementing a statewide PDL, with due recognition of all the costs and not just the costs in the line item of pharmacy, and
- Establishment of the preferred drug list and prior authorization/exceptions process in accordance with principles that assure that medically necessary treatment is not discouraged if a statewide PDL is adopted.

At the conclusion of Ms. Schofield’s presentation she responded to questions from members of Council. Remarks in rebuttal to some of Ms. Schofield’s findings were made by Ms. King, Ms. Joseph, Mr. Burdette and Dr. Outtersen. Mr. Suppa advised that the average price for drugs decreased for Workers Compensation from about \$85 to \$40 using a PDL. Also there was increased usage of generics with the PDL.

Next on the agenda Scott Brown introduced Ken Trogdon, Executive Director of Communicare, a South Carolina based non-profit corporation central-fill pharmacy. Mr. Trogdon advised that the program was initially started to bridge the gap in the health care needs of SC’s working poor; was funded by Blue Cross/Blue Shield of SC and a Robert Wood Johnson grant; and, recruited physicians through the SC Medical Association. To be eligible, patients must be a resident of SC, must meet income criteria (must fall below 165% of the Federal Poverty Level), must not have Medicaid, Medicare or private insurance and

must fill out an application submitting proof of income and include application processing fee of \$20. Patients are eligible for one year and must reapply annually.

Mr. Trogon went on to say that all services are donated through a network of health care professionals, including prescription benefits and lab services. The central fill pharmacy receives donations of bulk brand medicines directly from pharmaceutical companies and dispenses these prescription medicines by mail to eligible patients. The Communicare formulary offers over 260 medications for approved patients; physicians write from the drug list and fax to the pharmacy; pharmacy staff fills prescription; prescriptions are mailed out each afternoon to a clinic, pharmacy, physician office or patient's home. The estimated value of prescriptions filled was \$14.8 million in 2003 and \$25 million by the end of 2004. All prescriptions are for brand medicines with no generics offered in the program.

Ms. Joseph next distributed a brochure and other literature provided by ExpressScripts on its "Rx Outreach" program. Rx Outreach was designed to provide more than 50 generic medicines for the uninsured for ongoing health problems such as diabetes, asthma, high blood pressure and depression at reduced rates.

Ms. Phares had distributed to Council an article from the *New York Times*, dated November 21, 2004, entitled "States' Tactics Aim to Reduce Drug Spending" which included information on West Virginia and the work of the Council.

Ms. Phares discussed the trip to Cardinal Health on December 13, 2004 and said she, as well as others who attended, was very impressed with the efficiency of the facility and they had received valuable information.

Ms. Phares next distributed a copy of the West Virginia Senate Journal for November 15-16, 2004, along with a copy of Senate Concurrent Resolution No. 301 which authorized the use of the Federal Supply Schedule in establishing a benchmark for prescription drug prices for the negotiation and purchase of brand name drugs and authorizing the Council to implement the strategic plan established in the Reference Pricing Report submitted on September 10, 2004, and requesting the Council recommend legislative enactments as necessary to implement the same.

Following lunch Ms. Phares advised that "Learned Intermediary" as listed on the meeting's agenda under General Discussion would be postponed until a later date. Ms. Phares then suggested that the Council try to meet twice in January: on Wednesday, January 12th and again on Thursday, January 27th, 2005.

Members of Council next went through the December 14, 2004 Draft of the Annual Report to be submitted to the Legislature's Joint Committee on Government and Finance on or before December 31, 2004. The Council reviewed the report page-by-page and made suggested corrections. Mr. Burdette made a motion to accept the report and asked for a

provision to make technical corrections. Seconded by Ms. Summers. Motion carried unanimously.

The meeting was adjourned at 3:30 PM.